

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2070 - HB 2249

March 4, 2018

SUMMARY OF BILL: Authorizes any licensed distillery, which has an annual production of 50,000 gallons or less of intoxicating liquors, which does not hold a registered distribution contract with a wholesaler, to obtain an additional self-distribution permit from the Tennessee Alcoholic Beverage Commission (the ABC).

Prohibits any distillery which obtains a self-distribution contract from distributing more than 3,000 cases of intoxicating liquors in any calendar year manufactured, produced, or bottled on the distillery's premises to any business licensed for on-premises consumption.

Prohibits the ABC from imposing an additional fee or charge for the issuance of a self-distribution permit; however, such distillery shall be responsible for all taxes and records imposed upon a wholesaler which result from the direct sales permitted by this legislation.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$9,800/One-Time/ABC

Assumptions:

- This legislation authorizes certain low-production distilleries to essentially perform duties currently required to be performed by a wholesaler.
- This legislation requires all taxes that would have been collected by a wholesaler, in the absence of this legislation, to be collected and remitted by the distilleries which are issued a self-distribution permit; therefore, no impact on tax collections from the wholesale case tax or wholesale gallonage tax.
- This legislation prohibits the ABC from imposing a fee or charge for the issuance of a self-distribution permit; therefore, no additional fee revenue to the ABC.
- According to the ABC, the Commission will need to reconfigure its online licensing system, the RLPS, to accommodate the new self-distribution permit.
- Based on information provided by the ABC, this reconfiguration will take a vendor 50 hours at a rate of \$195 per hour, for a one-time cost totaling \$9,750 (50 hours x \$195).

SB 2070 - HB 2249

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jdb